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### CENTRAL INTELLIGENCE AGENCY

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Newspapers as indicated.

#### DISCUSSES DEMOBILIZATION, PURGES IN PLA, AND DETERIORATION OF CIVILIAN, MILITARY MORALE

APPROVES PARTIAL DEMOBILIZATION -- New York Hua-ch'iao Jih-pao, 27 Jun 50

Hong Kong, 24 June -- The Peiping radio announced today that the China People's Revolution Military Affairs Council in joint conference with the State Administration Council has approved the proposal of the Second National Committee of the China People's Political Consultative Conference for partial demobilization of the People's Liberation Army.

Chairman Mao, in connection with the announcement, stated that a part of the PLA would be demobilized and the main portion kept in service for the liberation of Taiwan and Tibet, for national defense, and for suppressing antirevolutionary elements.

KWANGTUNG MILITARY DISTRICT PURGES 16,714 MEN -- Canton Nan-fang Jih-pao, 24 Jun 50

The reorganization of military units in the Kwangtung Military District has been generally completed in accordance with the recent directive issued by the Central and South China Military District. The purpose of this reorganization was to increase the fighting strength and improve the working efficiency of each unit, to replenish hsien cadres, and to purge politically untrustworthy personnel from the military units.

The number of personnel dismissed from the military service totaled 16,714. The majority of these men had joined the CCF after the liberation or had no military training or education. Except for about 1,000 who were assigned to positions as tax collectors, guards of salt factories, etc., the remainder were sent home with their dependents to engage in industrial or agricultural production. Transportation and ration expenses of those sent back to their homes were all defrayed by the government.

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COMMUNISTS IMPRESS CANTON SEAMEN -- Hong Kong Shih-pao, 20 Apr 50

Hong Kong -- Meeting with no response to public notices calling for voluntary enlistment of seamen for 3-months' service with the CCF Navy at a pay rate equivalent to 1,200 Hong Kong dollars per month, the military authorities have resorted to impressment. After 2300 each night, groups of soldiers visit the boats and take off any men in excess of three. To circumvent this measure, no more than three persons, and these mostly women, children, or old men, remain on the boats at night; the rest of the crews go ashore well before the deadline.

POLICIES CAUSE CIVILIAN UNEMPLOYMENT -- Hong Kong Kung-shang Jih-pao, 12 Jun 50

The CCF has found it very difficult to supply sufficient provisions for the needs of the 5,000 to 6,000 soldiers of Lin Piao's 226th Division stationed at Ts'ang-wu and T'eng hsiens in Kwangsi, the garrison headquarters of Wu-chou, etc. To supplement the meager rations of the forces, the army enforced the "production program" which transferred many of the jobs held by the civilians to the soldiers. This action has caused many civilians to become unemployed.

The Communist troops now have the monopoly in transferring all items to and from the huge storage raft owned by the Kwangi Bank. This was formerly done by civilians. Since the daily movement of material to and from this raft consists of approximately 50,000 to 60,000 catties, the soldiers' income is greatly increased.

After the Kwangsi Match Factory was taken over by the Communist army and operated as a public enterprise, approximately 200 of the 500 employees were fired. Since business has decreased, a further reduction in the civilian force is to be made despite the fact that approximately 200 soldiers are now filling various positions in the factory.

Since the Communist military authorities closed over 100 barbershops in Wu-chou, the soldiers have virtually taken over the business because they may operate without paying taxes, rentals, electric and water fees, etc. The remaining civilian barbers have found it difficult to operate under stch competition.

The Wi-chou Transfer Company, which operates 7 or 8 boats between Wu-chou and Canton, Shih-ch'i, Kwei-lin, Yung-ning, and Liu-chou, has been taken over and is now being operated by the government. The cost for using these lines has been greatly reduced because the cost of operations has been reduced by the elimination of taxes, bond purchases, etc. Since military cadres have been used in all positions except those of a technical nature, many civilians have become unemployed.

CCF DISCIPLINE IN CANTON DETERIORATING -- Hong Kong Kung-shang Jih-pao, 29 May 50

Canton, 28 May -- As the occupation of the Chinese Communist forces in Canton lengthens, reports which reveal the deterioration of the discipline and morale of the military personnel continue to mount. Brawls occur almost every day.

On 29 May 1950 there was an incident involving Wen Ts'an-kuang, a 22-year-old CCF soldier stationed at Fang-ts'un, Canton, who has been keeping company with a married woman, Ch'en Liang. The woman's husband, Ch'en Wu, a laborer, informed of his wife's infidelity returned to his home during the night, caught Wen in his bedroom and shot the soldier. Ch'en then disappeared. The military authorities in Canton attempted to suppress the story by listing the affair as an accident caused by accidental misfiring of a gun.

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